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ABSTRACT

This report reformulates and discusses the question of the role of the Public Employment Service in Organization for Economic Co-operation (OECD) member countries under the changed conditions of the labor market during the 1970s and early 1980s. Following an introductory and background section, chapter 2 describes the varying concepts of the Public Employment Service. These aspects are discussed: degree of desirable and necessary market intervention, relationship of the Service with its clients and other agents in the labor market, functions of the Employment Service, and administration of unemployment insurance. Chapter 3 considers the placement function of the Service. Topics include the rationale, techniques, action in support of placement, and evaluation of placement activity. Chapter 4 focuses on labor market information that is collected, processed, used, and disseminated by the Service. Types, sources, and uses of labor market information are described, and deficiencies in labor market information are summarized. Chapter 5 discusses the organization and administration of the Employment Service, including legal and constitutional status, finance, field organization and local autonomy, and staff recruitment and training. Chapter 6 summarizes issues (notably the dual role of rendering service and implementing policy) and looks at prospects for the future. (YLB)

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THE PUBLIC EMPLOYMENT SERVICE IN A CHANGING LABOUR MARKET

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- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

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A Public Employment Service plays a role in the implementation of labour market policies in all OECD countries. Nevertheless, these Services differ widely: in the concept of their role, in the functions through which they seek to fulfill that role, in their organisation and financing, in the resources devoted to them. This report is based on contributions from Member countries and a discussion of the problems facing Public Employment Services by national experts. It describes the differing characteristics of Employment Services and discusses their implications for labour market policy.

The present report is published on the responsibility of the Secretary-General of the OECD.

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I. INTRODUCTION AND BACKGROUND

The concept of an active manpower policy developed from the observation that labour markets seldom clear spontaneously, in part because of lack of information on both sides of the market or high adjustment costs accruing to workers. The Public Employment Service was seen as an institution intended to close the information gap between jobseekers and firms, and to accomplish through placement a smooth and effective redeployment of the labour force in the context of structural change, together with the insertion of newcomers into the labour market. It would thus be able to improve the functioning of the latter, although there were clear limits to the extent it could remove other factors of inertia such as inflexible wage differentials and impediments to geographical and occupational mobility, with their attendant social costs. With the extension of labour market programmes beyond placement measures (e.g. to training, mobility, job creation programmes) the question emerged whether the original functions of the Employment Service should be extended to cover these new programmes, and, if so, whether it should be given the discretion and financial means to initiate such programmes or, on the other hand, have its role limited to implementing them through its existing field organisation.

These questions have been answered differently in different OECD Member countries and as a result it has proved difficult to find a commonly defined concept of the role of the Employment Service in the context of a strategy of active labour market policies. As far back as 1967, in a paper prepared for a seminar in the OECD Joint Worker-Management Programme, it had proved difficult to find clear answers to a number of fundamental questions:

- "What is the general role of the Employment Service? Is it primarily social or economic? Is it based upon the concept of control by authority or service to a clientele?

- What specific functions are to be given to the Service? What factors are involved in making the choice?

- Can the Service depend upon its own operations to collect adequate labour market information? If not, what other measures are necessary?

- How should the available resources be allocated? Should an attempt be made to cover all the population by its activities? If not, on what should the selection be based?

- What should be the relationship between the Service and the Unemployment Insurance System?

- What should be the constitutional status and organisation of the Service within the public service framework, with reference especially to the problem of financing and the provision for the representation of non-governmental interests? Should the latter be executive or consultative?

- Are there suitable areas for co-operation with private employment agencies? If so, what are the potential advantages and dangers?

- What considerations apply to the recruitment and training of suitable personnel? What initial levels of education and professional qualifications are required?"

Since then, major changes have occurred to the environment in which Employment Services operate. First, the economic background has been transformed and the employment pattern has altered; second, analyses of the labour market have multiplied, opening up new possibilities for approaches by the service. In terms of the economic changes, clearly the major factor is the growth of unemployment, which has also been both affected and accompanied by structural change in the labour market.

- Certain categories of workers, in particular young people and women, have suffered more than others from the growth of unemployment.

- Unemployment benefit schemes may have influenced job-seeking behaviour.

- The massive increase in the unemployment level has modified the average employability of the unemployed. This has its effects on the period for which different categories are unemployed and the frequency with which they find themselves out of work.

- Firms have changed their recruitment policies. In a difficult international context, with rising raw materials costs and uncertain productivity trends, they try to achieve flexibility in labour management in view of their uncertain trading prospects. Thus, for example, employment contracts of limited duration are becoming more numerous.

The principal objective of the present report is to reformulate and to discuss the question of the role of the Employment Service under the changed conditions of the labour market during the 1970s and early 1980s and to consider its future. In particular, do higher unemployment and the shifts in its structure, new methods of labour management and changing

behaviour on the part of jobseekers affect the functions of the Service, and should they? What are the repercussions of progress made in analysing the labour market and the development of new concepts concerning it? In present circumstances, governments may be led to expect more from Public Employment Services than before, both in qualitative and quantitative terms. It is difficult to formulate a common overall role concept of the Service. Countries deliberately or tacitly have chosen different avenues or, less satisfactorily, have refrained from any clear definition, i.e. have preferred a vague or ambiguous concept of the role of the Service. The report comes to the conclusion that an extended role of the Service would only be practicable within a clearly defined framework. An ambivalent mandate, in which it attempts to be both a "service" used voluntarily by its clientele and an instrument of government policy, but without a clear statement of how this dual role is to be filled in each of its various activities, would be detrimental to its achieving wider objectives in the future.

2. THE ROLE OF THE PUBLIC EMPLOYMENT SERVICE

a) Concepts of the role

The management of the economy requires attention to be paid to the availability of qualified manpower, the changing character of occupational and industrial labour requirements, and the structure of the labour market. It is necessary to establish machinery which can help to mobilise manpower and compensate for imbalances in labour supply and demand. The Public Employment Service has the potential for being a central instrument for the formulation and execution of manpower programmes designed to achieve national economic goals.

Within the broad framework of economic and manpower goals common to all countries, it is evident that special adaptations and variations will be found in each, and these differences will be reflected in the activities and functions of the Employment Service. Further, the form the Service takes will reflect the special characteristics of the labour force and labour market structure and behaviour, which in turn rest upon a geographical and cultural base in each country. It is not to be expected, therefore, that a common concept will emerge from different countries' approaches to the role of the Service.

In fact, however, a common element does emerge: in all the countries the matching of vacancies and jobseekers (the placement function) is regarded as a pivotal activity for the Employment Service. With this in view, it is appropriate to describe the varying concepts held by countries in terms of:

- the degree of intervention in the labour market which is implied;
- the nature of the relationships of the Service with its clientele and with other agents in the labour market;
- the various functions exercised by the Service;
- the relationship of the Service to the unemployment insurance system.

These aspects will be discussed in some detail in the following sections. While all aspects are relevant for defining the role concept of a particular country, the first one, i.e. the degree of

desirable and necessary market intervention by the Employment Service, is the most fundamental. The term "intervention" here means that the Employment Service seeks to influence the searches and choices of jobseekers or employers or both, as opposed to merely providing information so that free market forces may operate more transparently.

Among the countries surveyed, it is Sweden which sees the role of the Service as involving the greatest degree of intervention:

> "Besides handling placement activities, the Employment Service is responsible for implementing all other measures of labour market policy that the Government and Parliament initiate ... The Employment Service is the foundation of an organisation for labour market policy, with the primary task of promoting adjustment on the labour market ... a service that thoroughly informs, works on and influences the persons on the labour market."
>
> (Sweden)

Other countries which conceive of a somewhat less "interventionist" but still active role of the Service include Germany, Canada and Japan:

> "A modern public service which helps in professional and working life with advice and practical assistance. The employment service aims at limiting future risks by applying up-to-date methods."
>
> (Germany)

> "The national Government's principal instrument for development and implementation of employment policy, including immigration policy and unemployment compensation. This responsibility involves the Commission in a wide variety of programmes and activities aimed at facilitating adjustment of labour supplies to emerging demands. It also involves to a somewhat lesser extent adjustments on the demand side - through direct job creation, wage subsidies when these are directed to large groups or sectors, and counselling of employers ... but the traditional functions of the Employment Service - such as placement, counselling and labour market information - remain at the core of its approach."
>
> (Canada)

> "Its role is to co-ordinate labour demand and supply, provide occupational and industrial information, and maintain employment for those who need special help."
>
> (Japan)

> "To improve the functioning of the labour market through the efficient and successful implementation of the manpower policy and services of the Government, and by providing a free, efficient job placement service."
>
> (Australia)

"To promote appropriate job placement aiming at optimum efficiency and to strive for a balanced market."

(Finland)

The United Kingdom, United States and Switzerland, whilst recognising the particular need to help disadvantaged jobseekers, lay most emphasis on facilitating the free working of the market:

"To try to make the market more transparent so that employers and jobseekers can obtain and use the information they need, and the market can therefore function as effectively as economic circumstances permit."

(United Kingdom)

"A free, public labour exchange available to any worker or any employer who seeks its services."

(United States)

b) Relationship with other agents in the labour market

Consideration of the concept of the Public Employment Service's role must include its relationship with other entities in the labour market, both client groups (employers and jobseekers) and intermediaries which compete with it. There are two major aspects of the position to be considered: whether it is to have a monopoly of placement operations and whether its services are to be offered free of charge.

The attitudes of the various countries towards operating the public placement service as a monopoly are largely reflective of historical and philosophical perspectives and are not related to the particular characteristics of the labour market as such. The existence of private, profit-making employment agencies is more usual in countries with a particularly strong philosophy of free enterprise and minimum governmental interference. Other countries with a more positive concept of the role of the State are more likely to have strict control of such agencies (such as the Netherlands) and restrict them to certain occupations (Germany, Japan) or not to permit their existence at all (Sweden). This accords with the provisions of ILO Convention N°. 96, which has been ratified by many European countries but not by Switzerland or by the United Kingdom, the United States or Australia. The Convention provides for the abolition of private profit-making employment agencies, or for their registration and control by government authorities.

Most countries permit the existence of private but non-profit-making placement services such as those associated with schools, universities, charities and professional organisations. In some countries the Public Employment Service maintains liaison and co-operates with such activities, notably in Japan, where collaboration with schools is specifically covered under the relevant legislation.

A related question is whether employers have a statutory obligation to notify job vacancies to the Service. There is such a requirement in Sweden and Belgium, although employers are free to hire whom they wish whether referred by the Service or not; the Netherlands is preparing to enact one, and in Switzerland the decision rests with the cantons. In Finland public authorities, both national and local, must notify their vacancies, and experiments with notifying all vacancies are being made in some districts. In Spain, under the Employment Act of October 1982, both job offers and applications are required to be registered. This enables a record of hirings to be maintained for statistical purposes, but is not considered helpful for placing operations. The United States requires that government contractors notify their vacancies to the Service. Australia requires federal government departments and statutory bodies to notify vacancies when recruiting externally. The Federal Republic of Germany, on the other hand, stresses voluntary use of the Employment Service, and no requirement to notify vacancies is made. Canada and the United Kingdom also take this view and the latter deliberately adopts a marketing approach towards employers.

Among the advantages of requiring all employers to notify their vacancies to the Service are that more vacancies come to it than otherwise, and labour market information is thus improved. The arguments against are that compulsory notification does not necessarily reflect the real vacancy situation: employers may for example notify vacancies which are merely speculative or have already been filled. There is also a school of thought that vacancy information may be more useful as a labour market indicator if the vacancies have been notified voluntarily.

Most OECD countries are signatories to ILO Convention N°. 88, which stipulates that placement services should be provided free of charge to jobseekers. However, the Convention does not specify that the service should also be free to employers. Where private fee-charging employment agencies exist, a free public placement service can be subjected to criticism for unfair competition.

All countries under review provide placement services free of charge to all jobseekers, and to most employers. In the past the United Kingdom has charged fees to employers in respect of professional and executive vacancies, and the Federal Republic of Germany can require fees from employers if excessive effort is involved in a recruitment assignment (in practice this has only occurred in relation to the recruitment of foreigners).

Some countries hold the view that services which are available free of charge become devalued in the eyes of the public, and that this can cause reluctance on the part of employers to use the Service. This is one reason why the United Kingdom decided at one time to charge fees to employers for the recruitment of higher-grade staff. That its services are invariably free to jobseekers can be held to contribute to the image problem of the Service.

The functioning of the labour market like any other market depends upon the flow of information, and information has a value which can be priced. This introduces discrimination in the access to information available to different individuals and a market structure to trade in it. Private employment agencies are free to operate in this market with no consideration other than their own efficiency and profit. However, the Public Employment Service is not thus free; it is one of the few means by which disadvantaged jobseekers are likely to gain employment. The Service is thus in the dilemma of how to maintain a positive reputation with employers (in order to keeo the supply of vacancies coming to it), and at the same time find employment for jobseekers who for various reasons are in difficulty.

c) Functions of the Employment Service

However the overall role of the Public Employment Service is conceived, it is fulfilled through the exercise of some or all of a varied range of functions. Some of these functions are central and some peripheral; in practice, roles tend to be redefined after a number of modifications to the functions.

The typical functions of a Public Employment Service include:

i) registration of applicants for employment and of job vacancies. Matching of jobseekers with vacancies and referral of jobseekers to employers;

ii) marketing its services to both employers and jobseekers;

iii) providing intensified assistance to special groups such as the handicapped, migrants, new entrants to the labour market, etc;

iv) vocational guidance and employment counselling;

v) arranging for training and retraining of jobseekers to enable them to bring their skills into line with labour market demands. In some cases, paying training allowances;

vi) delivering programmes aimed at support for the placement function, e.g. relocation allowances to encourage geographical mobility, wage subsidies, apprenticeship incentive schemes, etc.;

vii) registering claimants for unemployment benefits, certifying their eligibility in terms of availability for and willingness to accept work. In some cases, administration of unemployment benefit including payment;

viii) collecting and publishing labour market information, both qualitative and statistical. In some cases, forecasting employment trends, and providing input for the formulation of economic policy. Labour market research.

Other functions considered to be appropriate to the Employment Service in some countries include personnel management consultancy, location guidance for enterprises, regional development, delivery of social assistance programmes and support programmes for the unemployed. In Turkey, for example, the National Labour and Placement Office has a special responsibility for the recruitment of workers to go abroad.

Clearly, these functions have both social and economic elements. Some of them may be the responsibility of government departments other than the manpower authorities. The choice of appropriate functions for the Service, and order of priority among those chosen, will rest upon the following factors:

i) the manpower and employment policy to be implemented;

ii) the contribution towards such implementation to be made by the function concerned;

iii) the cost of exercising the function in relation to the effectiveness of its contribution;

iv) the relationship between this cost and the total resources available for the Service; and

v) the practicability of exercising the function in view of the social context and national traditions in administration.

Where resources are limited decisions may need to be taken about the possibility of limiting a function to those parts of the labour force where it will have the maximum impact and show the biggest return on expenditure. Placement, for example, might be confined initially to certain groups of occupations (e.g. skilled or unskilled, manual or salaried) or types of people, or sectors of industry, or very strictly defined categories such as those who have completed courses at training centres. There may also be a concentration of effort geographically.

d) Administration of unemployment insurance

The earliest placement services - those organised by certain German municipalities towards the end of the last century and that set up within the United Kingdom Board of Trade in 1910 - predated the establishment of unemployment insurance systems. When these became general between the wars it was realised that some kind of public agency was necessary to verify that the claimant to benefit was genuinely unemployed: either existing Employment Services were given the task, or public placement services were created for that express purpose. The mass unemployment of the thirties associated the Service in the public mind with the image of the dole queue and the application of "genuinely seeking work" tests, a burden from which it has suffered ever since.

In consequence there have been movements in many countries to separate as far as possible the Employment Service from the administration of unemployment benefits, in the hope of improving its public image, attracting a higher level of job applicant (not necessarily unemployed) and notified vacancy, and thus promoting the climate of confidence on which successful placing depends. It is now common for benefits to be computed by some other organisation - either the general social security scheme or a semi-autonomous body - and paid by postal drafts or cheque. However, in practice, the Service has tended to retain the task of monitoring the eligibility of insurance claimants, even when not charged with the administration of the system, because no other suitable institution exists for the purpose. The only solutions are for eligibility not to be tested at all, or for some kind of special policing mechanism to be created.

Participation in the administration of unemployment benefit

i) provides the Employment Service with a supply of jobseekers and (in some countries) vacancies;

ii) provides a structure for regular contact with jobseekers, thus enabling the Service to identify those who need additional help such as referral to retraining programmes; and

iii) avoids unnecessary confusion to the jobseeker claiming benefit, who has only to deal with one office.

On the other hand, there are persuasive arguments for separating the Employment Service from the administration of unemployment benefits:

i) the benefit function interferes with job placement activities by diverting resources to unemployment support rather than helping people find work;

ii) it damages the image of the Service, especially in the eyes of employers, who often believe that unemployed people are not the most desirable recruits;

The option to perform the unemployment benefit function within the Employment Service has been taken by Germany, which takes the view that implementation of an integrated policy requires an integrated institution, and that questions of image are secondary. The Swiss, Spanish, Japanese, Finnish and Belgian Employment Services are also responsible for this function, although with varying degrees of administrative separation.

The second option is to separate the functions completely or partially. In Sweden, unemployment insurance is and always has been separate - it is administered by the Trade Union organisations - and the role of the Service is limited to registering claimants as applicants for work. In France an experiment is in progress to free the Service from the task of exercising any kind of control over the unemployed and hand over

this task to a special service of the administration. In the Netherlands the insurance system is administered separately from the Service, the latter being required only to register claimants and exercise some minimal control; in the case of the United Kingdom this remaining link has been eliminated on the lines of the experiment taking place in France. In Australia the payment and administration of unemployment benefits, which is funded from general taxes, is undertaken by the Department of Social Security, but until recently the Employment Service regularly monitored recipients. Since September 1981 the role of the Service has been limited to registering claimants and applying a work test.

In Canada the Service used to be integrated, was then separated on the lines of the Swedish example, but has now been integrated again in the belief, as in Germany, that an integrated policy requires an integrated institution.

3. PLACEMENT

a) Rationale of placement operations

The function with which the Public Employment Service is always identified is that of placement. The Employment Service acts as an intermediary, in that it brings together the two primary agents in the labour market. Where the two sides are compatible and can mutually adjust, the Service can facilitate and hasten such adjustment by making available information and contact between the parties. However, the market has blockages on both the supply and the demand side. Thus the Service needs to be equipped with the means to undertake adaptation of workers to meet the needs of employers and, in practice to a lesser extent, to show employers how to remodel their needs to meet the labour available.

In its most elementary form the placement operation consists of compiling and maintaining registers of persons seeking work and employers seeking labour, and putting them in touch with one another. The decisions to hire and to accept an offer rest with the parties as the Service does not seek to influence them. The rationale of the exercise lies in facilitating the flow of mutual information necessary for the efficient functioning of the market. In practice, however, certain difficulties arise: the operation is voluntary and intermediary: employers will only notify vacancies if they think suitable workers will be brought to their attention, and workers will only register if attractive vacancies are proposed to them (although some pressure exists when unemployment insurance is involved). Successful placement thus depends somewhat insecurely on a process of winning and keeping confidence. Moreover, tensions may exist between the realities of the labour market and the wishes of the individual - and between the interests of the parties and the aims of public policy. To meet these difficulties, Employment Services can intensify the placement operation in both breadth and depth.

To increase the breadth of placement operations, the service may take measures to increase the proportion of total labour market supply and demand which it processes. In practical terms this amounts to efforts on commercial lines to win business, by attractive premises and presentation of facilities, publicity and a customer-oriented approach. Whilst this is an important means of improving coverage of the labour market by the Employment Service, it creates its own difficulties. In particular it raises

questions about the referral of disadvantaged (i.e. less "desirable") jobseekers to available jobs, and the resulting tension with the Service's need to win and keep the confidence of employers. A marketing approach towards employers is not always compatible with the social role of a Public Employment Service. Nevertheless, this strategy provides the rationale for the modernisation of techniques and the development of, for example, vacancy displays, self-service, and shop-front local offices. The use of computer technology in placement owes much of its recent acceleration to the effort of placement services to improve their acceptance as modern and efficient organisations.

To increase the depth of placement operations, Employment Services may intensify their contact with both sides of the labour market. As far as jobseekers are concerned, this implies more concentrated interviewing and counselling. Resources do not usually permit the devotion of a great deal of time to each jobseeker, and so distinctions must be drawn between those jobseekers who can be easily placed, and those who have problems which lead to their requiring help in competing in the job market. Thus placement services are concerned with screening the information necessary to decide what the needs of each jobseeker are, and streaming them to different kinds of aid in accordance with those needs.

Counselling may be regarded as aimed at employment in the short term - helping the jobseeker improve his own job search techniques and skills - or as a longer-term exercise in career planning (vocational guidance) without any immediate job in prospect. The former is directly associated with the placement objective, whilst guidance counselling is broader in both objective and time span. Different skills are required of employment staff engaged in the two types of counselling; the latter calls for greater reliance upon professional vocational guidance expertise. Thus, the successive stages of registration, interviewing and counselling represent a rising degree of individual treatment, of staff time and expertise, and of distance from preoccupation with an immediate job prospect.

Similar stages may be seen in relation to the employer. It is a normal procedure for employers to be approached with a view to seeking vacancies, and they may be contacted with some persistence to clarify the details of any vacancies they have notified. Further discussion about the manpower supply available and a consequent adjustment of an employer's requirements, leading to more general consideration of personnel management policy and practice, demands a higher degree of expertise on the part of the service, but in turn offers an opportunity to take effective action in a situation of mismatch between labour supply and demand. Traditionally, Public Employment Services have accepted the rationality of employers' recruitment policies as revealed by the vacancies notified to them, but some countries have realised that this cannot be assumed, and are seeking to act accordingly.

An important element in an effective placement service is the extent to which advance information exists on mass layoffs. This has implications for employer liaison and for the whole field of manpower planning. In some countries legislation exists to ensure that employers give advance warning to the Employment Service. However, in the final analysis, the successful operation of an advance warning system depends upon the relationship between employers and the Service, and it follows that, especially at local level, employment staff should be able to establish the necessary confidence and understanding.

As a public organisation the Employment Service cannot escape responsibility for the placement of less competitive jobseekers, notably the handicapped and the long-term unemployed. Attempts to refer these people to jobs create the risk that the confidence of employers developed by previous successful referrals may be undermined. The Service has to maintain a delicate balance between meeting social policy objectives and maintaining credibility as a supplier of competent labour. There is a conflict between helping those most in need and taking a marketing approach to employers. Nevertheless, placement services for the disadvantaged create a strong social argument for the continued existence of publicly-funded placement services, even though capacity to provide such placement is limited by employers' expectations, and are the basis for labour market policy measures and instruments for making the disadvantaged more able to compete in the market.

b) Techniques of placement

The traditional placement technique is to compare the job specifications of notified vacancies with the characteristics, skills and training of registered jobseekers. This matching process can be carried out with an emphasis on either side of the labour market, i.e. aimed at finding a suitable person for a job, or a suitable job for a person; the orientation will vary with the employment climate.

This approach assumes a basic compatibility between the qualities offered by jobseekers and those sought by employers. With an increase in those seeking work, and a rapidly developing technology which requires new skills in the workforce, this compatibility may be reduced, although services ancillary to placement such as vocational guidance and vocational training may go some way towards restoring it. This approach also relies heavily on the personal judgement and knowledge of the labour market of those doing the matching, which is a labour-intensive process; with an increase in jobseekers and a need actively to canvass for vacancies, together with budgetary restraints and staff ceilings in many countries, resources may no longer permit the universal application of the practice.

The concept of "self-service" was originally introduced in Sweden in the late 1960s, and was quickly taken up by other countries. The assumptions underlying it are that many jobseekers

are able to assess whether they can do a particular job, and that having some of the matching process performed by jobseekers will release resources for those needing more intensive help. It was also found that self-service display attracted a broader range of jobseekers, and thus increased employers' choice.

It is interesting to note that Sweden, the pioneer, has moved from a complete open-file system, i.e. where the job applicant is free to submit himself to an employer on the basis of information on display, to a modified one which includes individual registrations and personal interviews. The reason given for this change is that "evaluation revealed that the open file system had been unduly hard on those applying to the Employment Service". Difficulties have also been experienced in, for example, Japan.

A development of importance in many countries is the application of computer technology to placement procedures. The Japanese experience is dealt with below. In Sweden computerised vacancy listing has been in operation for some time, and trials are under way for the matching of jobseeker data with vacancy specifications. The United Kingdom, under budgetary constraints, eliminated its automatic data-processing (ADP) activities for professional level positions but a system called VACS for the circulation of vacancies and collection of vacancy statistics remains. Germany uses ADP for professional levels only. The Netherlands is developing its computer system and vacancy information and on-line terminals will soon be available. Canada uses computerised job-order processing in all its major centres, as does the United States. Finland has vacancy lists produced by computer 1-4 times per week. Australia is currently developing a computerised vacancy listing system, to be introduced in 1983. In the future viewdata and similar communiction systems will further improve placement operations.

Whilst computer technology enables vacancies to be distributed quickly throughout a country or to specific areas, helps to keep vacancy information current, and removes much of the labour from maintaining self-service displays and from statistical recording procedures, it creates other problems in search and matching. The information which can be fed into the computer in respect of each job specification or of each jobseeker's experience is limited, and it is only possible to obtain a "coarse match" through the computer and to complete the process by relying upon the knowledge and judgement of staff. Further, it can be argued that computer processing restricts the occupational mobility of jobseekers, in that it can only select those who have a sufficient number of "matching factors". Nevertheless, by providing on-line, up-to-date vacancy information in a form available for browsing or self-matching and showing that the Employment Service uses modern techniques, the computer gives the jobseeker confidence in the service.

Australia's Commonwealth Employment Service has moved from manual matching of every jobseeker to a self-service system which now accounts for about 23 per cent of all placements made by the Employment Service. The system involves a brief screening by

staff of the Service before referral to the employer. Vacancies are distributed, via a telex network, to several offices where they are displayed simultaneously, and the country is to be equipped with a computer-based system which will distribute vacancy information through an on-line computer network. In Canada there have been a number of recent developments, including expansion of the number of points of service, establishment of self-service through job information centres, creation of a national job bank and computerisation of job-order processing in several major metropolitan markets.

In Germany, the placement services are divided according to classification of occupations, with some consideration of local labour markets. Placement procedure is based on jobseeker interview, which also acts as an opportunity for employment counselling. A computerised placement service has been introduced for qualified professional workers, and this is now being extended to local employment offices.

The Finnish Employment Service introduced in 1981 a computerised jobseeker/vacancy register, and is now developing regional vacancy registers. National job information is distributed through a regular publication. In France, self-service, supplemented by a system of self-registration, has been found an effective method of referral. Vacancies are advertised in the press and on radio and television. The Netherlands' self-service technique permits jobseekers to refer themselves without any screening or paperwork. A vacancy exchange system between employment offices has been developed. The use of four mobile employment offices has increased geographical coverage.

In Japan a three-tier system was introduced in 1980 - self-service for applicants who understand their own needs and present no particular problem, employment counselling for those who experience difficulty, and special assistance for the disadvantaged. An open-file system was used for the self-service, but this has been modified to meet certain problems, e.g. unrealistic self-referral. Thus the orders to be posted for self-service are now selected, taking into account the employer's own wishes, the postings are withdrawn after a specific period, and in certain cases (e.g. where it is feared illegal agents may intervene) the names and addresses of employers are withheld. However, it is in the area of computer applications that Japanese experience is particularly important. The Labour Market Centre was set up in 1965, the aim being to establish a nation-wide placement information and insurance system. The achievement of a universal clearance system has come up against the classic difficulties inherent in occupational classification and lack of mobility; nevertheless, placement over wide commuting areas and for specific occupational categories has been realised and the coverage of the insurance system is now total. The main success of the system is in communication and display: a mass of market information is available on-line to terminals in every local office of the Service for use in counselling, guidance and consultation with employers.

In Sweden, the change from total to modified self-service has already been mentioned. Sweden has also been a leader in the development of computer technology for Employment Service activities. The distribution of vacancy lists throughout the country was followed by computerised searching and matching systems. Since 1980, employment offices have been equipped with computer aids for all or most of the functions in placement activities and all staff engaged in placement work have access to the terminals. A recent reorganisation has altered the division of labour in employment offices, with the result that at least 50 per cent of staff resources are devoted to placement activities. Each placement officer handles his or her own cases to completion and follows up the result. The central reception of vacancies is to be wound up and instead this function is to be a natural part of each placement officer's contact with firms.

In Switzerland, attempts are being made to improve placement techniques through a reorganisation of procedures. Communal employment offices now handle only the simplest placement; all complex cases are transferred to the regional or cantonal employment office. Research is in progress with a view to developing electronic processing.

The United Kingdom has over recent years redeveloped its employment offices into shop-front Jobcentres, with self-service facilities. Jobcentres also provide facilities for employers to interview candidates. Vacancies, particularly at the professional and executive level, are also displayed on the Post Office viewdata system; jobseekers can see the viewdata in libraries, universities, etc., and apply for any jobs which seem suitable. Particular attention is paid to self-help, in the form of assistance to applicants in presenting themselves to employers in a favourable light.

In the United States, the concept of group job-seeking activities and group job-search programmes has been found useful. These programmes include full-time, supervised job search activities, teaching innovative skills in locating employment, using the telephone as the primary means of employer contact. The programmes enable a highly efficient use of staff and require the jobseeker to retain the primary responsibility for finding a job. Until recently, it was difficult in the United States to make inter-state placements, but in 1980 the Employment Service introduced a new centralised clearance centre responsible for the collection and dissemination of all inter-state job orders and applicants. The centre processes and sorts information with the aid of a computer, and on a weekly basis produces micro-fiche cards for each local employment office in the country. Local offices then communicate directly with the listed employers and jobseekers.

c) Action in support of placement

Supportive activity may be conveniently considered in three categories: measures to adapt the labour supply to the vacancies available, measures which attempt to make the labour demand more

realistic in view of the available supply, and procedures for taking preventive action where displacements of workers are foreseen. The first category includes counselling and vocational guidance, training and retraining programmes to increase geographical mobility and to improve the employability of the disadvantaged; the second includes wages subsidies, recruitment and personnel management advisory services, location guidance to industry and direct job creation; the third category various forms of advance warning.

It is not practicable within the scope of this report to give a comprehensive description of the methods and programmes, sometimes very elaborate, being used in different countries. Training in particular is everywhere a major activity, perhaps the principal instrument of supply-side manpower policy. It may or may not be carried out within the "Employment Service" as each country uses the term. In general, it may be said that most countries consider counselling to be an essential aid to placement and include in their range of measures available some form of aid to geographical mobility. On the other hand, action to influence the demand side, in the form of seeking to modify employers' personnel policies and practices, is less common. The requirement to inform the Employment Service in advance of mass redundancies is quite current. This section will confine itself to a résumé of certain examples of supportive action, especially those which are somewhat unusual.

In Canada, a recent innovation in counselling is a system employing a computer terminal to sort through information that has been accumulated for the guidance of people seeking career guidance. The system is under field trial and evaluation. The Employment and Immigration Commission operates a small but respected manpower consultative service whose specific job is to promote manpower planning and the adoption of personnel policies and practices that will facilitate the absorption of available workers. This is in addition to regular visits to employers and other promotional activities by local staff. In areas where conventional job opportunities are chronically scarce, the Employment Service has available direct job creation and wage subsidy programmes. Recent additions to this set of programmes have been specially designed to deal with actual or potential adjustments resulting from shifts in international trade or due to oil price escalation.

Germany has many programmes aimed at producing geographical mobility, including not only assistance with transport during the job search and allowances during resettlement, but provision for building and establishing hostels and loans for home building in the new location. An occupational health service is available. Advanced vocational training and retraining is available to eligible persons and takes the form of subsistence allowance amounting to 80 per cent of the previously earned income minus legal deductions. Employers may be paid adaptation subsidies for on-the-job vocational training. Rehabilitation programmes for the physically and mentally handicapped include both advisory services and payment of the cost incurred in preparing for and obtaining

permanent settlement, including living costs during preparation and the cost of adapting the work place. The Federal Institute of Labour has made loans available for the expansion of industrial production, especially to alleviate deficiencies in the regional economy, and also has provided financial support to communal development plans, depending upon the resources available. At the request of employers, the Institute advises on locations for new enterprises.

The Netherlands has established a foundation which engages on a non-profit basis in supplying workers on contract, the objective being to put them in a position for finding permanent employment. Training programmes in industry include job orientation centres, designed to improve the position of vulnerable groups by providing an opportunity to sample particular vocations and to adapt to the discipline of regular employment. Difficult-to-place workers are found temporary jobs in the public sector, in order to give them better opportunities to find permanent positions. Firms which, as a result of the unattractiveness of their jobs, have a high turnover and/or a high rate of sickness leave, may qualify for an allowance towards the cost of job improvement.

The Netherlands Directorate-General for Manpower participates in the restructuring of industries. In this connection, an important measure is the short-time scheme, which is a combination of normal short-time working and additional support. Enterprises co-operating in a restructuring project which involves the reduction or redistribution of capacity may be required to become jointly responsible for all employees affected. This demands an effective exchange of information on vacancies and on workers who are available in close co-operation with local employment offices. Within such planned rationalisations, scope is allowed for specific measures which could not be considered with individual layoffs; one example is an arrangement whereby the government contributes a wage cost subsidy to facilitate the transfer of employees from one enterprise to another, thus avoiding compulsory redundancy and enabling the workers to retain their contracts of employment. Local employment offices play a central part in these transfers.

In Finland, location guidance for enterprises is offered by the Employment Service, based upon an agreement between the government and private industry on the exchange of information and a consultative procedure. The objective is to lessen regional differences in employment. Enterprises receive information on the goals of regional and manpower policy as well as on labour resources and regional differences in labour supply. If necessary, investigations are made to find alternative locations for new plants.

The Japanese Employment Service makes a particular point of offering advisory services to employers; on the basis of information which it has at its own disposal it attempts to influence enterprise personnel practices (recruitment, promotion, retirement) in line with forecast trends in the labour market, with government policy, and with current legislation (e.g. the quotas on employment of the old and the disabled).

In the United States the Employment Service had until recent years a small but effective industrial services facility which, on request, provided employers with job analysis, test selection, turnover and absenteeism control, job evaluation, and other support services directed towards workforce stabilisation. This activity usually resulted in job orders which were filled by the Employment Service. The United Kingdom Department of Employment used also to maintain a personnel management advisory service which was linked to its industrial relations and conciliation function. On the establishment of the Manpower Services Commission a decision was made not to continue this service, which was considered to be outside the competence of the Commission.

d) Evaluation of placement activity

While both the financial authorities and the public wish to see operating statistics which justify the placement activity of the Employment Service (and in some cases determine its level of funding and staffing), there is doubt about the value of the different methods of counting transactions and of using the figures as a measure of success. In Sweden placement activities are not regarded as ends in themselves but as: "macro-economically profitable if they are instrumental in lowering the annual level of unemployment by 0.1 per cent of the labour force" (quoted from a Swedish document).

Methods of evaluation fall broadly into two groups: quantitative measures and attempts to measure market share, and qualitative appraisal of the "value" of placement, based on such indicators as turnover, length of time a placed person holds the job, and weighting of placements according to the occupation involved or the effort required.

In regard to the quantitative measures, the most satisfactory conceptual measure of success seems to be that of "reduction in search time" by employer and jobseeker. However, in practice, the calculation is laborious and complex. The development of self-service has created particular difficulties. In Sweden and the Netherlands no attempt is made to count self-service transactions and consequently the effect of the placement service as a whole on the labour market is impossible to assess. In France it is believed that self-service accounts for about 60 per cent of placements, and if this proportion is consistent for Sweden and the Netherlands, clearly an important number of placement operations is not being counted. But whether or not self-service is included, the question remains: what does a placement transaction mean in terms of the labour market and of the contribution made to it by the Employment Service? The simple number of placements made in a given period does not reflect the effort made by the Service or the value of each placement in terms of job tenure, career path, occupational mobility or skills in demand.

Where employers need not notify vacancies to the Employment Service it is difficult to estimate the size of the vacancy market, and even if that were known the problem of determining the optimum share of the Service would remain. Determination of that optimum requires detailed knowledge of the structure of social cost and benefit associated with the operating at different levels of market penetration.

To quote a statement from the United Kingdom:

"Several attempts have been made to assess an economic optimum for the Employment Service's share of engagements, but other than at the level of high theory, these attempts have not been successful. Nevertheless, two significant theoretical conclusions have emerged:

i) because the social costs and benefits of different recruitment methods do not equal market costs and benefits, there is no reason to expect that economic optimum shares will emerge from the free workings of the market;

ii) the factors which would determine economic optimum shares are most unlikely to be constant over time."

As far as qualitative measures of placement can be adopted, they are dependent upon surveys rather than on regular collection, and rest even more than do the quantitative measures on assumptions. Judgements about whether one placement should be given greater weight than another because the job concerned is "better" or the placement was more "difficult" are likely to be inconsistent. The most practical measure of quality is probably that of job tenure, but this also makes the assumption that the longer a job is held, the more successful the placement, which is questionable in a context of geographical and occupational mobility and of career paths.

In Australia, it is estimated that the Employment Service holds a share of about 30 per cent of the available vacancies. In 1979-80 over 700,000 were received and 75 per cent of these were filled. It is thought that self-service accounts for an average of 27 per cent of all placements. In Belgium it is thought that the Employment Service has an average penetration of 20 per cent of the total labour market.

In Canada it is estimated that 40 per cent of employers and 60 per cent of jobseekers make use of the Employment Service. Data are not available in relation to total numbers of hirings, but scattered evidence suggests the figure is about the same now as it was a decade ago at somewhere between 12 per cent and 18 per cent. Many of the transactions in the market at any time involve relatively short-term jobs. Longer-term jobs are less often available; however, it appears that the Employment Service handles a slightly larger share of the entry-level and lower-skill jobs, paying perhaps 15 per cent below those jobs typically available elsewhere. This is believed to be largely a reflection

of the current scarcity of jobs at the highest skill levels (with a few notable exceptions) and the consequent pressure of supply, which tends to make the role of an intermediary superfluous in those limited markets. For the great bulk of transactions, Employment Service placements appear to compare with other hirings in terms of job quality as measured by both earnings and job tenure. A recent study shows that those jobseekers who make use of the Employment Service can expect a significant reduction in search time.

In Finland, in 1980 the number of vacant jobs listed with the Employment Service was 266,500 of which 220,600 were filled. In December 1980 the average time taken to fill a vacancy was 17 days. The market share of the Employment Service in that country, defined as the number of vacancies filled by the Employment Service in relation to all filled vacancies, varied from 28 per cent to 42 per cent during the 1970s, the general trend showing a decline. In France, the proportion of placements effected by the Employment Service was of the order of 16 per cent of total hirings. The Service filled 60 per cent of vacancies notified to it. Problems are associated with obtaining data about duration of tenure, given the prevalence of short-term or fixed term jobs and the frequency of labour turnover. In the Netherlands, as self-service transactions are not recorded, total placements are not available, but traditional placements by the Employment Service between 1976 and 1979 declined.

The Federal Institute for Labour, Germany, reports that in 1981, out of a total of 5,536,000 hirings made in the country, 1,354,600 represented notified vacancies and 961,800 were placements by the Service within seven days of notification. This means that notifications were 24.5 per cent of all hirings and placements 17.4 per cent, and that placements were 71.0 per cent of vacancies notified. The corresponding percentages for 1980 were 26.6, 17.4 and 65.5, and the average over the twenty years 1961-81 were 38.5, 23.3 and 60.5. The Federal Institute also makes the point that the time taken to fill a vacancy is an insufficient indicator of the placement effort. Detailed job specifications lengthen the hiring process, which is longest for university graduates. According to a special flow analysis made in 1981, a vacancy is most frequently filled by placement within a fortnight (57 per cent of cases): in 20 per cent of cases placement required another fortnight, partly because there is a longer gap before qualified applicants register, and in 8 per cent there is a further delay of up to one month. In 15 per cent of cases the vacancy and the finally-placed applicants have been simultaneously on file for more than a month.

In a survey made in Japan in 1980, it was estimated that 30 per cent of all new hirings of full-time workers in enterprises employing more than five persons referred to applications through the Public Employment Service, including placement of young people affected in collaboration with the schools.

In Sweden, with a workforce of just over 4 million, it is estimated that between 1.5 and 2 million persons look for a job in the course of a year, while the turnover of vacancies lies around 1 million. Labour force surveys indicate that 85 per cent of all unemployed persons apply to the Employment Service. There is a statutory obligation for all vacancies to be notified to the Service. However, no official goals have been set up for a share of the market, and no data about penetration rates are given. In Switzerland figures are available which show that the Service placed 39.4 per cent of jobseekers applying to it in 1980, and filled 28 per cent of vacancies notified.

In the United Kingdom, a Rayner scrutiny of the Service was carried out in 1982. (Rayner Scrutinies, named after Sir Derek Rayner, are carried out by an independent team, usually consisting of 2 civil servants and 2 people seconded from the private sector, with the purpose of reviewing particular areas of operation within the public sector and identifying scope for savings.) The scrutiny concluded that despite the uncertainty surrounding many of the assumptions used to quantify the benefits of the Service, it did seem likely that the value of the economic benefits produced (improved speed of vacancy filling, avoidance of unnecessary labour turnover, and reduced recruitment costs to employers) exceeded the estimated £98.3 million cost of running the placing service.

Figures provided by the United States show that, in 1980, 24 per cent of jobseekers registering with the Employment Service were placed in jobs by the service, and 49 per cent of vacancies notified were filled. The cost per individual placed was estimated at $160, and 269 placements were made per staff year worked. Of 20 million individuals who suffered spells of unemployment during the year, an estimated 75 per cent registered with the Employment Service.

4. LABOUR MARKET INFORMATION

a) Types, sources and uses of labour market information

The Public Employment Service collects, processes, uses and disseminates labour market information. It is convenient to distinguish three kinds of information:

i) the raw material of placement activity;
ii) statistical data;
iii) qualitative knowledge and expertise.

In its simplest form the placement operation is an exercise in the exchange of information: the concept of improved market transparency is founded upon an increase in the amount of information about jobseekers and vacancies in circulation and of their mutual communication. It is possible to construct a useful employment service on this basis alone.

The traditional source of statistical data on the labour market has been the transactions of the Employment Service, in particular placement and insurance (vacancies notified, filled and outstanding; jobseekers registered, placed and unemployed, including claimants to benefit). Some countries collect stock figures only; others add flow figures. Only the benefit claimants represent a hard figure; otherwise the degree to which the transactions of the Service can serve as useful indicators of demand and supply is dependent on the extent and pattern of its penetration into the market. The situation has been aggravated over recent years by the development of self-service techniques and the trend towards separation of the unemployment insurance administration. As a result, sample surveys, which can be designed to identify and include persons seeking work but not registered with the Service, have tended to supplant its transactions as a source of data on labour supply.

However, it may well be that it is in the third area of information - qualitative knowledge and expertise - that the Employment Service has the greatest opportunity to contribute to the elaboration of employment and manpower policy. The particular field in which this kind of activity is already well developed is the study of occupations for vocational guidance purposes. There is also a large body of knowledge about the behaviour of the agents in the labour market - the recruitment and promotion practices of employers, the individual motivations of workpeople -

which the staff of the Employment Service acquires in the course of its placement and counselling work. This expertise forms valuable feedback for improving counselling and placement performance. However, it also represents a source of information for use by central policy-makers in the assessment of the likely effectiveness of their policies in practice and thus constitutes an observation post on how the labour market works in reality, with all its local variations. It is suggested that this aspect is insufficiently appreciated, and that Employment Services could well make more systematic and deliberate use of this expertise; it could, moreover, be consciously developed, by cultivation of the appropriate relations with employers and more attention to background training of selected staff (in, for example, the study of enterprise personnel management practices), and the archiving of the results.

Australia no longer publishes the operating figures of the Commonwealth Employment Service. The Australian Bureau of Statistics is the principal agency responsible for the collection (on a sample survey basis) and dissemination of labour force, unemployment and job vacancies statistics. The Department of Employment and Youth Affairs maintains an on-going programme of research and data collection on employment and training prospects for major occupational and industrial groups. In December 1980 a Bureau of Labour Market Research was established within the Department, with the purpose of providing the government with an expert body to co-ordinate research efforts, improve analysis of the labour market and provide much more extensive labour market forecasting.

The National Employment Office in Belgium publishes a monthly bulletin of operating statistics. In Canada data are collected by the central statistics agency, Statistics Canada. These data are published and are also available on computer through the Canadian Socio-Economic Information Management System. Job Information Centres in each Canada Employment Centre display labour market information including an Occupational Shortages Bulletin (which is also circulated to secondary schools) and a complete listing of hard-to-fill job orders from the National Job Bank. An Occupational Demand listing, based on the ratio of unemployment insurance claimants to registered job vacancies, is distributed to Insurance Services personnel who use it to assist the job search of claimants. At regional level, a Labour Market Bulletin is prepared for distribution to Employment Centre managers, which analyses labour market trends on the basis of labour force survey data. The Canadian Occupational Forecasting model provides estimates of medium-term requirements by industry and occupation, for Canada and the provinces. In selected occupational groups, studies of future supply and demand relationships are conducted with a view to the development of a comprehensive model for projecting occupational supply. The results of these studies are available to the public on request.

In Germany the Federal Institute for Labour is legally obliged to carry out a comprehensive labour market and vocational research programme, to make surveys of the employment situation, to provide

statistical data and to issue reports of its findings. From the data accumulated the Institute is required to compile statistics, particularly with respect to employment and unemployment; it has its own statistical service which is an integral part of its structure. Labour market and vocational research have been performed within the Federal Institute since 1967 by an Institute of Employment Research, which issues documents for the employment offices and the public.

In Finland the Employment Service provides information on vacant jobs, jobseekers, the unemployed, duration of unemployment, unemployment insurance, etc. The data are used for monitoring employment trends, service procedures and assessing the results of manpower and economic policy. Statistics are published monthly and annually and special reports are published where appropriate. Information on professions and education is taken care of by the vocational guidance service of the Service. The material consists of books and brochures dealing with education and the professions. The manpower offices have a special information service unit which provides information on education, training opportunities, professions, the labour market and wages. The Service distributes a weekly publication containing information on jobs which have not been filled by local jobseekers. This covers the whole country and is distributed to manpower offices, garrisons, schools, libraries, etc.; it contains articles as well as vacancy lists. Regional vacancy lists are produced and published 1-4 times per week in each labour district.

The French National Employment Agency is undergoing a reform of the collection of labour market statistics to improve the quality of information collected about individual jobseekers and employers. This reform will allow better studies of mobility and recurrent unemployment at national, regional and local levels. The Agency also participates in a national data bank including key employment statistics and special studies.

In the Netherlands, data on unemployment obtained through registrations at employment offices are processed by the Directorate-General for Matters of General Policy and by the Directorate-General for Manpower. However, the Central Bureau of Statistics is also involved in the processing of data on labour supply, and is active in collecting data on the demand side from other sources. Regular statistics are collected on labour market indicators, and each regional employment office prepares monthly reports on developments and expectations concerning local enterprises as well as a report on their own activities. A labour market review is published monthly. Within the Directorate-General for Manpower, a Department for Applied Labour Market Research carries out work on behalf of the policy departments and for the advisory divisions of the other directorates.

The collection and use of labour market information in Japan is marked by three important features. First, attention is given to acquiring, analysing and collating data not only from the transactions of the Service and specific surveys, but also from independent, including private, sources. Second, this is used

prospectively, to advise both individuals and (especially) employers on labour market trends. Third, each local office can obtain immediate on-line data about specific items of market information from the central computer recording the transactions of the employment and insurance systems.

The Portuguese Employment Institute operating statistics are enlarged and supported by regular and special surveys conducted by the National Statistics Institute. In addition, the statistics service of the Ministry of Labour prepares other sample surveys on employers. A monthly Information Bulletin is published on the labour market which contains employment office statistics with a brief commentary, and a report containing more detailed labour market information is issued three times per year.

In Switzerland, labour market information resulting from placement activity is collected by the Federal Office for Industry, Arts and Crafts and Labour, and made available to cantonal and communal offices A new system using automatic data processing provides facilities to obtain accurate, current and detailed labour market statistics.

In Spain, market information is collected essentially from the registers of claimants to unemployment benefit (administered by the Service) and the records of hirings - it will be recalled that notification of vacancies and registration of applications (if necessary a posteriori) is obligatory. It is proposed to improve the system by incorporating a breakdown by sector into the hiring records. Statistics are published monthly.

In Sweden, work is in progress to establish at the National Labour Market Board a co-ordinated and uniform system of labour market accounting which includes cross-sectional data based on flow statistics. The information is compiled in such a way that special tables are available to each section, each office and each county employment board, with each recipient receiving detailed information about relevant applicants and vacancies, together with more generalised information about the situation in other sections, at other employment offices and in the areas covered by other county labour boards. The tables are distributed direct from the computer.

In the United Kingdom, much of the labour market information disseminated by the Employment Service is concerned with job search and with describing particular occupations. However, quantitative information on the state of the labour market is collected, and in assessing market needs and developing a manpower strategy the Manpower Services Commission also makes use of data from external sources and narrative or qualitative information gathered at local, regional and national level. Jobcentres are the source of a major statistical series: a count of available vacancies, taking account of stocks and flows. A biennial or triennial census of employment, conducted by the Department of Employment, provides industrial and geographical analysis but not

occupational information. Other surveys including a labour force survey are conducted by the Office of Population, Censuses and Surveys. National and regional information collected by the Manpower Services Commission and the Department of Employment is published in a monthly gazette.

In the United States, statistical labour market information is obtained mainly through the Federal Department of Labor's Bureau of Statistics, which also publishes annually an Occupational Outlook Handbook describing occupations, their requirements and anticipated growth over each decade to come. The Employment Service is responsible for the development of a number of reports and other employment and training data for use at local, state and national levels.

b) Deficiencies in labour market information

In acting as the executive instrument of the manpower authorities, a Public Employment Service seeks to assure that measures taken in the social and economic field pay due attention to the employment implications. This implies influencing events rather than merely responding to them, and understanding the dynamics of the market rather than simply observing its situation at any one time. However, labour market information tends to be static and there are important gaps in its range and value.

In this context, the Canadian situation may be noted as a useful summary of where major gaps exist, and relevant for many other countries:

- The Forward Occupational Imbalance Listing (FOIL) was a quarterly list of any occupational shortages and surpluses expected to persist for up to two years; it was suspended in 1980, largely as a result of the loss of comprehensive demand-side data when the Job Vacancy Survey was cancelled early in 1979. The methodology is, however, being revised and a new publication may be produced.

- The Canadian Occupational Forecasting (COFOR) model projections of occupational requirements to 1985 are made available to other departments and private sector manpower planners, to examine the occupational requirements associated with alternate macro-economic scenarios, or with large investment projects. The lack of frequent surveys of occupational profiles of industries has limited development of COFOR. As 1981 Census of Population results become available, the effects of this limitation can be examined in detail for the first time.

- The main data gaps are for estimates of employment by detailed occupation, occupational wage rates, and inter-occupational mobility. The Occupational Employment Survey (OES) conducted in 1973, 1975 and 1977 did not produce satisfactory estimates of occupational employment by industry. The OES methodology is currently under review.

- Current hirings data by occupation, industry and wage rate are needed to support Employment Service operational planning, effective administration of insurance services and meaningful labour market research and analysis.

- The collection and analysis of reliable labour market information at local level is also an important concern of the Employment Service. A committee of operational and research personnel from regional offices and national headquarters is developing procedures for the estimation of employment opportunities, high opportunities occupations, job turnover, and occupational wage rates, notably through surveys of representative samples of employers and labour groups in each Canada Employment Centre area.

While the Employment Service in all countries has a common need for certain types of labour market information, differences exist among countries in their capacity to collect, process and analyse information, and therefore priorities need to be allocated. These will reflect not only the peculiarities of the labour market in each country, but also the potential needs for knowledge of labour market operations.

5. ORGANISATION AND ADMINISTRATION OF THE EMPLOYMENT SERVICE

a) Legal and constitutional status

The location of the Employment Service within the government framework is an important element bearing upon its organisation. Employment Services have traditionally been located within a government department, frequently the one associated with unemployment insurance. In some countries this pattern remains. In recent years, however, in parallel with the trend of separating the Service from the administration of unemployment insurance, there has been a trend towards creating quasi-independent bodies financed from general revenue (rather than from insurance funds) and usually represented in the government by the Minister for Labour.

It is convenient to distinguish three main kinds of legal or constitutional status:

i) the Service may be a field organisation of the Department of Labour or its equivalent, under the direct control of the Minister concerned (e.g. Australia, Finland, Japan, the Netherlands);

ii) it may be an institution with some degree of autonomy, controlled by a director-general responsible to a governing board (Belgium, Canada, France, Germany, Spain, Sweden, United Kingdom);

iii) it may be locally controlled, with a central co-ordinating body (United States, Switzerland).

Very generally, it may be said that the principal advantage of the first alternative lies in the co-ordination of executive action with government policy-making, while that of the second is the inclusion of non-governmental interests, particularly employers' and workers' organisations, in the administration of the Service and thus their identification with, and support for, its activities. The second and third alternatives also permit a more flexible internal management.

The Employment Services of Australia, Finland, Japan and the Netherlands fall into the first group and are financed out of general taxation. Trade unions and employers are consulted through an Advisory Committee, which also includes independent members appointed for their individual standing.

The second group is the model followed by the majority of the countries in this review. In every case these countries have a Board or Commission which includes representatives of government and trade unions and employers. In Canada, for example, the Employment Service is one of the responsibilities of the Canada Employment and Immigration Commission. The Commission is composed of four people, a Chairman (who is also the Chief Executive), a Vice-Chairman, a member appointed after consultation with employers' organisations and a member appointed after consultation with workers' organisations. Appointments are made by the Governor-in-Council; the Chairman and Vice-Chairman are also the Deputy-Minister and Associate Deputy-Minister of the Department of Employment and Immigration, the Minister representing the Commission in Parliament and in various inter-ministerial committees. Administrative expenses are recoverable from the Unemployment Insurance Fund, but most programme expenditures are covered by general revenues. The direct links with government are very close.

The German Federal Institute for Labour, on the other hand, enjoys considerable autonomy at all levels. The Governing Body is composed of representatives of government, employers' and workers' organisations and other public bodies. It determines the policy of the Institute within the broad provisions of the Employment Promotion Act and other relevant legislation, subject to direct government supervision (by the Ministry of Labour and Social Affairs) to ensure that the legal and constitutional limits are not being transgressed. The executive board, or general management committee, is also multipartite and at regional and local levels administrative committees are chaired by the regional directors and local office managers, respectively. The Institute is financed by contributions from both employers and workers, each contribution consisting of a certain percentage of the workers' wages matched by an equal amount from the employer, with analagous arrangements for the self-employed. The percentage is controlled by the Federal Government, which also has the right of consent to the annual budget of the Institute and the power to audit its accounts. Otherwise, the Institute determines its own expenditures: the national budget is prepared by the executive board for submission to the governing body, and local and regional budgets are established with the aid of the administrative committees. When in surplus or deficit, the Institute may invest or borrow in its own right.

In France the National Employment Agency, founded in 1967 and reformed in 1980, is a public institution with its own legal personality "placed under the authority of the Ministry responsible for Labour". There is a governing board of 16 members, a president and five each from different ministries, the employers, and the unions. At regional level there is a corresponding committee under the chairmanship of the regional director of the Ministry, the five administration representatives being nominated by the Prefect of the region, but this has only consultative status. However, each Département has a technical council composed of six "qualified persons" (expert in local affairs) nominated by the Prefect under the chairmanship of the

Departmental Head of the Agency itself, and this council has the power of executive decision unless overruled by the Regional Director of the Ministry. As compared with the German situation, however, the independence of the Agency is curtailed in practice by the system of financing, for although the budget is prepared by the Governing Body the necessary funds come almost wholly out of general revenue.

The Belgian National Employment Office is governed by a Board composed of worker and employer representatives, with a chairman appointed by the Crown on the proposal of the Minister of Employment and Labour. The Government is represented by two Commissioners. Its operations are financed partly from the social security funds, partly by a subsidy from the Ministry. The Office will shortly be restructured to permit devolution of control to the regions in accordance with the reform of the Constitution.

In the United Kingdom, in Great Britain the Employment Service is a division of the Manpower Services Commission, a semi-independent body accountable to the Secretary of State for Employment. The Chairman is appointed by the Secretary of State and the members represent employers, the unions, local authorities, and education. The work of the Commission is financed by the Government after scrutiny of an annual budget. There are special committees for Scotland and Wales accountable to the respective Secretaries of State. The Commission does not cover Northern Ireland, where there is an Employment Service of the traditional kind run directly by the Department of Manpower Services of the Northern Ireland administration.

The Spanish National Employment Institute was created in November 1978 and has its juridical foundation in the Employment Act of October 1980. It is an autonomous body under the Minister of Labour, governed by a general council with representatives of the administration, employers' organisations and unions. In practice, it enjoys considerable independence; however, the supervision of the Ministry is exercised not only at central level but also through its own provincial offices.

In Sweden, manpower policies and programmes are the responsibility of the National Labour Market Board, a publicly financed multipartite body accountable to the Government and represented in Parliament by the Minister of Labour. This is the other principal example, with Germany, of a high degree of decentralised decision-making: 24 regional boards and 79 district boards, constituted on analogous lines to the National Board, with representatives of the social partners and local interests, determine action within broad limits in collaboration with the local officials of the service.

Switzerland is an example of the third group. The Employment Service is governed by a federal law of 1951 but is the responsibility of cantonal authorities, many of which in turn delegate it to the communes. Financing is also at communal or cantonal level, which means that the resources devoted to the

Service vary widely. National co-ordination is assured by the Office fédéral de l'Industrie, des Arts et Métiers, et du Travail (OFIAMT).

In the United States, the Employment Service system is a federal creation. The enabling legislation assigns to the federal level the role of developing guidelines, standards, and procedures. The states are responsible for the actual operation of the system. Each state has a State Employment Security Agency (SESA) as the vehicle for administration of the Employment Service programme. (The same SESA also administers the Unemployment Insurance Programme for that state). The responsibility for Employment Service programmes is delegated by the Secretary of Labour to the Assistant Secretary for Employment and Training. System-wide procedures, standards, and guidelines are the responsibility of the United States Employment Service (USES). Between the USES (and other Department of Labour employment and training programmes) is an intermediate structure of federal regional offices. The ten regional offices are responsible for the states within their geographic area. As the federal structure closest to the individual states, the regional offices monitor, assess and review the SESAs. They are not, however, involved in the actual management or administration of the SESAs.

Finally, in Italy there is a mixed system. The Ministry of Labour has overall responsibility for policies and programmes and administers the ordinary placement service directly down to the level of the principal provincial towns. Below that level the service is delegated to local authorities. For certain categories - agricultural workers, home-workers, apprentices, the entertainment industry and the handicapped - special systems operate, either within the general placement service or separately. Consultative Commissions, on which employers and workers are represented, function at all levels - national, regional, provincial, local and sectoral (e.g. in agriculture) - and enjoy certain powers of establishing priority for submission to work among job applicants. It is considered, however, that this system, based on a social rather than an economic view of employment, is in need of reform, and legislation is proposed to that end.

b) Finance

There are two main types of funding for Public Employment Services:

i) from general revenue (e.g. Australia, Finland, France, Netherlands, Sweden, United Kingdom); and

ii) from a combination of unemployment insurance funds and general revenue (e.g. Belgium, Canada, Spain, USA). In these cases insurance funds are often used for administration and general revenue for programmes.

There are exceptions: the German Federal Institute for Labour is funded from a levy on employers and workers, in Switzerland the Service is largely financed from cantonal and communal sources, and in Portugal an independent supplementary source of funds exists for historical reasons.

Governments have a tendency to apply financial and staffing constraints to the Public Employment Service in the same way as to other public agencies and government departments, in times of inflation and high unemployment. This means that, when there are more demands for services and programmes, there are fewer staff and facilities available to provide them. The results become yet more paradoxical when the revenue saved by applying constraints is diverted into more manpower programmes which the Employment Service is expected to deliver.

This aspect is a long-standing problem for Employment Services, which see an important social element in their role: this suggests that an increased need should result in increased resources. In some cases lack of funds may have been a reason for limited success in performance; government funding tends to be related to past operating performance rather than to future needs.

c) Field organisation: local autonomy

An essential feature of the Employment Service is decentralisation. The number and location of local outlets, their relationship with the central office, their autonomy and their management are critical features in successful performance. Local offices act as the delivery points for counselling and placement and in recent years have become increasingly involved in the delivery of labour market adjustment programmes.

Australia (population 14.6 million) maintains a regional office in the capital city of each of the seven Australian states. There are 222 local offices and 162 agents who represent the Service in smaller centres. Because of the geographical spread of the population, and the distances which lie between some local offices and their regional headquarters, a considerable degree of autonomy at local level is necessary. In recent years a system of zone management has been introduced: the network has been divided into 26 zones, each containing between 8 and 10 employment offices, and each controlled by a manager who is responsible for directing, developing and improving the service at local level.

The Belgian National Employment Office, covering a population of some 10 million, maintains 30 sub-regional offices and 120 placement bureaux. This implantation is, however, kept under constant review.

In Canada (population 23.9 million) the Employment and Immigration Commission has over 550 points of service through which employment programmes are available in varying degrees. Regional and local managers have great flexibility in choosing

from a wide variety of programmes and services designed to boost the efficiency of the local labour market and improve the productivity of its participants. There is also a good deal of scope for independent decision in the matter of management style and office organisation. An outstanding difficulty is in determining when the optimum mix of activities has been reached at the local level.

The Federal Institute for Labour in Germany (population 61.6 million) consists of a headquarters plus 9 Regional Employment Offices responsible for co-ordinating the work of 146 Local Employment Offices. Where necessary, permanently or temporarily served branch and auxiliary offices are established. The self-governing principle is carried out at all levels, and administrative committees involving the social partners deal with everything concerning the execution of functions, and are consulted in the preparation of budgets and staff matters.

Finland (population 4.8 million) has a manpower administration which consists, under the Ministry of Labour, of 12 labour district offices and 154 local manpower offices. The manpower districts are responsible for regional manpower policy planning and implementation; they are fairly free to use their budgets at their own discretion. This has smoothed the way for measures to meet the labour market situation within the districts, the Ministry of Labour supplying the district and local administration with general outlines. Local manpower offices also take decisions on financial questions affecting individuals, i.e. employment subsidies and mobility allowances. The emphasis has shifted towards decentralisation, a trend which is likely to continue.

In France (population 53.7 million) the ANPE (National Employment Agency) now consists of 625 outlets, a significant increase over the decade 1970-80. Since reorganisation in 1980, local and regional offices have been given more latitude to adapt the interventions of the ANPE to local conditions with a view to the best utilisation of its services. Further, a policy of progressively decentralised financial management and responsibility has been practised, notably in the areas of the management of operating funds, property works, ordering supplies, personnel management, etc.

Japan is covered by a network of 482 main offices and 204 branch and local offices. Both regional and district consultative councils, which include representatives of employers' organisations and unions, ensure that local interests receive due attention. Also, the local prefects are entitled to exercise a degree of inspection and supervision over the Service's activities.

In the Netherlands (population 14.2 million) the Directorate-General for Manpower operates through 11 Provincial Employment Offices, 82 District (regional) Employment Offices, 45 Employment Offices, 27 centres for vocational training for adults and 3 district offices for supplementary civil engineering works. Expansion is taking place in the vocational training centres and the network of Employment Offices is being

modernised. Autonomy at local level is influenced by dialogue with advisory commissions involving the social partners, but the Director of the District Employment Office has a number of statutory powers, notably in cases of redundancy. In addition, a policy of management by objectives ensures consultation and local involvement. The major principles of employment policy are established at national level, and the operational and financial framework, within which regional policy plans take shape, is centrally drawn up.

Portugal's Employment Service, under the National Institute for Employment and Vocational Training, and serving a population of 9.9 million, is undergoing a total reorganisation. In its new form the Service will be decentralised in 5 regions and have 60 local employment offices. It is envisaged that there will be some decentralisation including some budget autonomy.

Sweden (population 8.3 million) decentralises the right of decision to a high degree, not only from the central Labour Market Board to the 24 Regional Boards but also from these to the 79 District Employment Boards. The latter were set up in the mid-1970s to give local interests more influence over the execution of labour market policy. The responsible officers at Employment Service bureaux are entitled to make financial decisions in individual cases. The Spanish National Employment Institute has 514 local offices dispersed over the country, some of which specialise in particular occupations. In Switzerland (population 6.3 million) the Service operates through 26 cantonal labour offices and some 2900 communal offices, but a number of the communal offices are totally occupied with administration of unemployment benefits and do not undertake job placement activities.

The United Kingdom (population 56 million) runs the Employment Division of the Manpower Services Commission through 9 regional offices, 69 area offices, and just under 1000 local offices, plus 35 Professional Employment Offices and 27 Employment Rehabilitation Centres. A planning process operates which involves local office staff in target setting.

Finally, the United States (population 227.6 million) contains 3087 local offices of the employment security system, of which 506 are engaged totally in unemployment insurance, 1153 in placement activities and 1428 in both. There are 10 area offices. States have considerable autonomy in the design and operating of the local offices. Federal requirements are very broad and basic; regulations describing the services that must be provided and a merit system for employees are the two most important. Staffing patterns, supervisory arrangements and local operations are matters for state control.

It is clear that countries are conscious of the need to promote flexibility according to local needs. Nevertheless, excessive layering of levels of responsibility between local offices and headquarters creates the risk of poor communication, failures in management and supervision and weak personnel

administration, all of which endanger the effective implementation of government manpower policy. Moreover, the degree to which local autonomy can be given depends again upon the tradition of government administration in each country.

d) Staff recruitment and training

An essential element in both effective job placement and the execution of labour market programmes is competent and adequate staff resources. Since in most countries the staff of the Employment Service are public servants, and the public service in each country is a product of its history and political institutions, it follows that no single formula for staffing is to be found. Although certain basic principles of personnel management apply in all countries, manpower policy and programme implementation need to be studied in each country and adapted to its conditions.

Australia's Commonwealth Employment Service employs a total of some 4500 staff, of whom 81 per cent are employed in local employment offices. They are full-time permanent officers of the Commonwealth Public Service, and subject to standard educational and other entry requirements depending upon the level at entry. For some years there has been concern that the work requires qualities, skills and knowledge which are not necessarily found in recruits who have been selected in accordance with public service entry criteria; in particular, some industrial experience is thought to be a desirable element in the background of a CES officer. Staff training programmes include courses designed to develop appreciation of industrial personnel practices. New entrants undergo a 16-week initial training programme, and courses for supervisors and managers are held regularly. Fully equipped training centres have been established in each state capital city.

The National Employment Office in Belgium has some 3000 permanent positions and 1000 temporary positions. Of these, 654 permanent and 327 temporary positions are engaged in central administration, and the rest are in local employment offices. Not all the established positions are filled.

In Canada the Employment and Immigration Commission has allocated approximately 4700 field staff to the Employment Service. No records are kept of educational attainments of staff, although high school graduation is required as a minimum at the counsellor level. Counselling and placement activities are performed interchangeably by the same staff members functioning as Employment Counsellors.

Staff in Germany number 9200 established civil servants and 38,200 employees on contract. Vacant positions are advertised and a standardised assessment system is used for selection and rating. The Federal Institute for Labour maintains several administrative schools for the education and further training of its staff at varying levels. For intermediate career level, completed secondary education or qualification for university

entrance is required; for professional positions in the placement and guidance service, professional qualifications and suitable experience are necessary; entrants for senior career level are selected from university graduates. Contract staff can progress to higher levels by taking specified study courses and passing examinations, and in certain circumstances can attain civil service status.

The permanent personnel of the Finnish manpower administration is approximately 1900, of whom about 1300 work in the local manpower offices, assisted by 400 temporary officials. The number has increased in the last two years by some 200. Placement officers must have at least completed secondary education while the requirement for vocational guidance officials is a university degree. The manpower administration provides basic and further education for its personnel; that of Employment Service officials consists of a 6-month on-the-job training period and a 5-week theoretical course.

In France 8700 employees are occupied in the Employment Service, and of these 3150 combine placement and vacancy prospection duties. In the Netherlands, total staff of the Directorate-General for Manpower numbers 3700, of which 2530 are in employment offices. About 3000 of the staff have higher or medium professional education, and most of these are to be found employed as placement officers, in vocational guidance or as employment counsellors. The reorganised Portuguese Employment Service provides for 3400 staff, of whom 700 will have university and 1900 secondary education.

The Japanese Service employs 13,000 people, of whom about 3000 in general administration, 3500 on insurance, 1100 on employment promotion and 4300 on placement. Some 30 per cent have university-level education. There is a comprehensive training system, in which particular attention is paid to vocational guidance and the collection of information.

The Spanish National Employment Institute employs 10,250, but the majority of these are concerned with vocational training. The placement service has a staff of some 4000, of which 200 are engaged in the promotion of employment.

In Sweden, the number of posts in the Employment Service organisation as a whole is about 7250, broken down into 950 at the National Labour Market Board, 1700 at the 24 County Labour Boards and 4600 at the various District and Local Offices. Of the latter figure, not quite 1000 are assistants. The functions of the Employment Service were restructured in 1980-81 to cater for the long-term increase that is foreseen in the need for qualified placement and counselling services. Until then, of the 3600 Employment Service officers, 285 worked in vocational guidance and 450 as rehabilitation officers, while the majority functioned as "other officers" with a mixture of tasks to do with information, placement and guidance. In the new structure, after supplementary training, the total number is divided roughly

equally into employment counsellors and placement officers (1800 of each). The aim of the clearer demarcation is to reinforce both the guidance and the placement functions. The number of personnel will not be affected by the new arrangements. Placement officer and employment counsellor positions are considered to require experience of working life, and recruitment straight from education establishments is not thought appropriate. On the whole, the educational standards of staff correspond to upper secondary level.

In Switzerland the training and qualifications of staff engaged in job placement is very diversified. Whilst the level may be good in the cantonal offices and in the communal offices in the larger towns, it is not always so in smaller offices where placement is only carried out as a peripheral activity. Personnel engaged in placement are recruited from industry and commerce and need further training for employment and counselling work.

In the United Kingdom the Manpower Services Commission has some 24,000 staff in post, and 12,000 of these work in the Employment Service. Since 1979, a 21 per cent staff cut has been implemented progressively, and staff-intensive operations have had to be curtailed.

In 1981 the United States was operating its Employment Service on a grants-to-states basis with a ceiling of 30,000 employees, but substantial reductions have taken place since. Additional staff are funded from other sources. All SESA staff are state, not federal, employees. Each SESA is required to adhere to a merit system which governs personnel practices, but this is part of a state-wide merit system which may or may not be similar to the federal civil service system. Since each SESA sets the standards for the various positions held by its staff, it is difficult to generalise about qualifications and educational levels. However, in many states a Bachelor's degree is required for local office managers, interviewers, representatives to employers and labour market analysts, while counsellors require a Master's degree in the counselling field. In-service training provided varies according to need.

In many countries limited funds and increasing workload pressures have created serious problems with staff recruitment and training. Also, public service conditions tend not to supply desirable experience of working life and educational standards. The change of emphasis towards more employment counselling, better labour market analysis and more vocational guidance in the Employment Service is forcing countries to meet the shortfall in skills by development from within, as staff reductions make it difficult to meet the needs by recruitment.

6. AN OVERVIEW: ISSUES AND PROSPECTS

The purpose of this final chapter is to sum up what has gone before, to look at some of the issues involved and at the prospects for the future. In general it may be said that the fundamental problems of the Employment Service (notably the dual role of rendering service and implementing policy, and within the latter the potential conflict between economic and social objectives) are better understood than at times in the past, and there is less tendency to make demands upon the Service which its own nature would not allow it to fill. Nevertheless, solutions to these problems are being sought in opposing directions, by more generalised action or by more specific intervention in depth at points of difficulty. All Employment Services are operating under budgetary constraint; in some countries this is very severe. Finally, there is a growing appreciation of the potential contribution the Service as a decentralised institution can make to solving local labour market problems.

a) The issues

Countries agree that the overall objective of the Employment Service is the improvement of labour market clearance, but continue to differ on what this means and how it is to be achieved. The definition of the term is not clear or consistent. The Service may be defined institutionally - as the field organisation responsible for implementing (and in some cases devising) employment and manpower policy through a range of functions - or functionally, i.e. by what it does, which tends in practice to be principally placement and counselling. Indeed the expression "employment service" is used on occasion in the abstract, to mean "placement action". Whether the Service is regarded as a vehicle for a range of programmes or as a placement agency with a number of ancillary functions reflects a conceptual distinction between intermediary activity aimed at increasing the transparency of the market and active measures designed to restructure the supply and demand sides. However, even countries which apply restructuring policies through the Service consider them as instruments ultimately for facilitating market adjustment, although their approach may imply an intentional divergence from economically optimal allocation in the interest of reconciling efficiency and equity.

Certain countries, particularly Sweden and Germany, stress the aspect of the Employment Service as an "instrument of policy" rather than as "serving a clientele"; others, notably the United Kingdom, see no conflict between them and consider that the one role can be effected through the other. However, the Service should in general, as an element of government, have some capacity to influence the behaviour of the agents in the market rather than simply respond to it, which may imply having at its disposal certain legal powers, e.g. to withhold or grant financial benefits or incentives. Moreover, a certain social component is inescapable in its role as a public service. Finally, it is an organisation to implement policy in the field, and the elements of geographical coverage and contact with the public are fundamental to it.

With the above considerations in mind, through what functions does the Employment Service seek to fill its role? There is a list of possibilities: placement, placement of the handicapped, providing mobility allowances and wage subsidies, counselling, vocational training, influencing the location of industry, advisory services to enterprises on manpower planning; examples of all of these may be found. The following points, however, should be made:

a) Placement in some form is the base activity of the Service and that with which its name is associated. A number of other functions can be considered as supportive actions to placement.

b) Adaptation efforts tend to concentrate on the supply of labour rather than the demand for it: e.g. counselling the job applicant is an accepted function of the Service; action to influence enterprise behaviour with respect to labour is less current, although it is found.

c) While vocational training is in all countries a key element in manpower policy, it may or may not be included in the functions of what a country describes as its Employment Service.

d) The collection, processing and utilisation of labour market information is a function which underlies all the activity of the Service.

It is convenient at this point to treat the particular question of whether the Employment Service is to undertake the administration of the unemployment insurance system. This remains an area in which countries hold directly opposing views. Most of them have taken the view that placement operations, success in which depends largely on the creation of a climate of confidence, are hindered by the association in the public mind of the Service with unemployment benefit recipients (the "image" problem). Influenced to some extent by the apparent success of the Swedish Labour Market Board (which has never computed and paid benefit) they have therefore sought to hand unemployment insurance over to e.g. the social security system as much as possible. In practice,

because no other suitable organisation exists for the purpose, the Service has had to continue to verify the availability for work of unemployment benefit claimants. In some countries it is considered that even this link can be broken, with the attendant risk of setting up subsidiary employment services within the social security system. On the other hand, there is the contrary school of thought that the unemployed are an integral component of employment policy, and that separation from the benefit system is an abrogation of responsibility on the part of the Service: this is the German view. The case of Canada, which first separated the systems and has now brought them together again, is instructive. Perhaps the general current opinion is turning somewhat against separation, and considers that it should be approached with great caution.

The different kinds of constitutional status affect the role and performance of the Employment Service at all levels. The Service may be a field organisation of the Ministry of Labour (Netherlands, Finland), a semi-autonomous body with a governing board (now the most common formula) or locally-organised under the general oversight of a part of a federal administration (Switzerland, the United States). The key issue is the reconciliation of the integration of the Service into government policy with operational flexibility and response to non-governmental interests. In the second case - the governing board - composition of the board and in particular the person of the Chairman are crucial factors. Three aspects emerge for discussion:

a) The involvement of non-governmental institutions, notably trade unions and employers' organisations, and of government departments other than the manpower administration (ministry of education, local authorities). This involvement may be executive or consultative, or a mix of the two at different levels (e.g. a place on a governing board at central level but on an advisory committee only at regional or local level - in fact a frequent arrangement). The argument for executive involvement is that it ensures the support of unions and employers for a jointly-determined policy and gives The Service an influence over policy formulation, but it may hinder its effectiveness in implementing government policy or even tend to isolate it from the mainstream of economic and social policy-making. In only two countries, Sweden and Germany, do non-governmental institutions have executive powers at regional and local level. The question may be asked whether, if unions and employers are to be involved at all in the running of the Service, it is not better to give them some active responsibility rather than to confine them in a consultative role.

b) The system of financing, how far it is autonomous and how much overall funding it is able to make available. Of the three basic types, out of general taxation, from a levy on employers or workers or both, from the unemployment insurance system, the first is simple and integrates the

Service in general budgetary policy, but subjects it to the risk of retrenchment in times of stringency (which, it could be argued, is when it should be expanded). Moreover, if autonomy is an aim, it is illusory to imagine that this can be attained without an autonomous source of finance. The insurance system alternative may not be viable at a time of heavy unemployment, when the system itself will be under strain. The second alternative, the levy, usually takes the form of a payroll tax: it provides independence and reasonably adequate funding, but requires a special collection system; the economic effects of a payroll tax may also be contrary to the government's economic strategy and, in particular, have adverse employment effects.

c) A more flexible staffing policy is usually stated as an advantage of an Employment Service which has some independence from the government. Civil service hierarchy, salary structure, training, tradition and procedures may not meet Employment Service needs. It is open to question whether the difference is not more apparent than real: countries where there is some flexibility of staffing in the Service tend to show similar flexibility in the public service as a whole.

As a placement agency, the Service may seek to spread its activity widely, increasing the mutual exposure of information about job applicants and vacancies without attempting directly to influence decision-making by the parties, or concentrate on the placing of difficult applicants and the filling of difficult vacancies (which implies a certain depth of intervention in the hiring process and a different relationship with the clientele, especially on the employer side). Countries which opt for the first concept have to face the question of whether there is in fact any reason to suppose that placing by the Service is more beneficial to society as a whole than hiring through any other channel, or whether there are collective as distinct from private benefits (net of cost) flowing from the operation of a public placement agency. One reason for assuming net benefits accruing to society may consist in shortening frictional unemployment; a counter view holds that more market transparency will in fact increase frictional unemployment. An intermediate position would regard the smooth and rapid adjustment of manpower in response to structural change, i.e. the positive adjustment aspect, as the most important advantage of a broad placement service. Selective activity needs different techniques, equipment and personnel from the promotion of market efficiency by a simple quantitative increase in the information available and hence in the opportunity for rational choice; to fully combine the two orientations requires considerable resources. If these are not available, what is the appropriate mix?

Developments in placement technique reflect the above considerations. An element of self-service is now usual in all countries. There are nevertheless certain disadvantages, especially in a completely open system. Employers may object to receiving unlimited numbers of applications from workers,

particularly on the basis of the worker's self-assessment of his qualifications, and the worker himself may be in need of more assistance than he himself realises. The Swedish Labour Market Board, which pioneered self-service, has decided to move away from an open system and to move generally in the direction of interviewing in greater depth, considering this to be necessary in a context of structural change and increased substitutability of the labour force resulting from high unemployment. An in-depth interview becomes a counselling action: in Canada, placement and counselling have long been regarded as a single operation. In certain countries (United Kingdom, United States) there is a move towards employment counselling directed to helping jobseekers conduct their own search and to present themselves to prospective employers in the most favourable light.

Traditionally, Employment Services have accepted the rationality of enterprise personnel management practice as revealed to them by notified vacancies, i.e. they have assumed that the employer knew what he wanted and tried to give it to him. However, some countries - France, Netherlands, Canada, Japan - appreciating that adjustment could apply to both sides of the market, have tried to develop action to influence recruitment beyond the usual solicitation of vacancies. On the other hand, the United Kingdom, which pioneered a personnel management advisory service, reached a deliberate decision that such activity is not within the competence of the Employment Service.

All countries are developing various forms of automatic data-processing in placement operations, but difficulties in accurately defining and classifying occupations and qualifications tend to preclude close matching by this means. The successful exploitation of ADP would seem to lie more in the areas of communication and display. Japan in particular has a long experience in this area.

In no country is use of the public placement service obligatory, although employers may be required to notify vacancies (see below). Placement is free to job applicants in all countries, but payment may be required from employers in some circumstances. Informal hiring channels - word of mouth, advertising - are current practice. Nevertheless, in certain countries the Public Employment Service has a monopoly of formal placement operations; the activity of private placing agencies is considered undesirable or even abusive. In other countries, private agencies are allowed to function, but under surveillance and somewhat on sufferance; in yet others, the public service is in the position of having to defend itself against the charge of offering them unfair competition. The rationale behind these differing attitudes seems to be the reflection less of economic considerations than of a particular philosophy of government, the concept of the role of the State. Yet there are economic factors involved in adopting a positive approach to private placing agencies. They may be an efficient complementary means of allocating labour, at least for certain occupational groups; even the most hostile countries allow them a certain role, for example in the theatrical professions. On the other hand, they may be held to create discontent and increase unnecessary turnover.

Some countries require employers to notify vacancies for employment to the Employment Service; others have not done so hitherto but are considering such a requirement. Some consider compulsory notification desirable but unenforceable, except in the case of certain employers (e.g. in the public sector), others regard the practice as harmful. In theory, obligatory notification should ensure a supply of vacancies to the Service for its placement operations and enable the demand for labour to be more readily assessed for both statistical and operational purposes. Some countries, however, notably the United Kingdom, consider that it may lead to distortions, in that non-existent vacancies may be notified (e.g. to cover eventualities, or after they have been filled) and that as an economic indicator notified vacancies are more sensitive if voluntary. Further, the additional burden compulsory notification represents to employers may prejudice good relations.

Some form of evaluation of the cost-effectiveness of Employment Service activities, principally but not only in placement, has been sought for many years - it is particularly important now in times of budgetary stringency. The traditional technique has been to count the number of placings and divide it into the total number of new hirings in the labour market, thus arriving at the "penetration rate". The difficulties are manifold and well known: What degree of contribution by the Service to a hiring constitutes a "placing"? Is it possible to count total hirings accurately? Can self-service placings be counted without destroying the principle of self-service? And, in the last analysis, if the aim of the Service is not to achieve full coverage of the market, is the result of any significance? These considerations have led some countries to abandon the attempt to evaluate the penetration rate, while others consider that an effort must continue to be made. Moreover, has every placing the same value, or are there qualitative distinctions and how can these best be measured? The qualifications of the worker, those required by the job, the needs of the worker, the stability of the job are possible factors in the assessment. Attempts have also been made to assess the degree of influence of the Service in the market by comparing the number of vacancies notified, whether filled by the Service or not, with the total demand, but the significance of the result is questionable, especially where notification is obligatory. The most promising approach to evaluating the utility of placement operations has been perhaps through the concept of "reduction in search-time". Loss due to search-time in terms of production foregone and time spent by recruitment staff on the employer side, income unearned on the worker side and unemployment benefits paid by the public authorities can be treated numerically. The United Kingdom in particular has sought to implement this approach: results have tended on the whole to justify the placement activities of the Employment Service. There is clearly a pressing need for devising similar methods of evaluating the performance of the Service in other areas than placement.

There appears to be a renewed appreciation of the local dimension of the labour market and the wide range over which the employment and manpower situation, individual attitudes and personnel practices differ from place to place, and hence of the response and potential contribution to be made by the Employment Service as a decentralised institution. Local autonomy is linked to issues raised above, particularly the executive involvement of trade union and employers' representatives and the establishment of budgets at local level; nevertheless, one country - the Netherlands - where the Employment Service is an integral part of the Ministry concerned has expressed special interest in the idea of local decision-making. There are important staffing implications: if local managers are to exercise real discretion in their relations with enterprises and outside bodies, perhaps to establish the allocation of their budgets and deploy varied forms of intervention to suit local conditions, they must be people of the requisite qualities and training, be backed up by adequate support services, and hold appropriate rank in the public service hierarchy.

The collection, processing and use of labour market information is the foundation of Employment Service activity. It may be obtained as a by-product of the transactions of the Service or through specific surveys and enquiries. The term may cover (i) the descriptions of vacancies and jobseekers, i.e. the raw material of the placement process; (ii) statistical data; (iii) qualitative knowledge of individual behaviour, employer practices, occupational profiles, etc. It is important that information should have a prospective component, with a view to discerning long- and medium-term trends in structural change on both the supply and demand sides.

b) The future

There is widespread agreement that there is a fairly bleak labour market outlook over the medium-term future. This is a more certain forecast for Europe than for Japan and the United States - the main reasons being the lower flexibility and adaptability of labour and product markets and the slower decline of the post-war demographic effects in Europe. But apart from differences between the employment performance of different OECD countries and areas, the overriding picture is one of slow growth prospects at best for the area as a whole. For the current and future role of the Employment Service, one possible (and in some countries actually adopted) conclusion would be that with long queues of unemployed jobseekers for each emerging vacancy, the need for public intervention via the Employment Service has been and will remain sharply reduced. A counter-view would be that slow growth and large-scale unemployment over the medium term will change or even increase but certainly not reduce the future role of the Service. This latter view (adopted in the present report) is based on the following likely developments in the future which the Employment Service will have to cope with:

- the declining propensity of workers to accept, but the rising need to adjust to, structural change;

- a changing composition of future labour force entrants;

- rising segmentation between internal and external labour markets;

- the growing social and economic problem of long-term unemployment.

These developments and their implications for the Employment Service are set out below.

There is room to believe that lower growth rates than in the past will be accompanied in the years to come by accelerated structural change. This represents a distinct difference to the patterns of the past: in a cyclical context slower growth was usually accompanied by less structural change and vice-versa during a boom period. By contrast, what OECD countries are now faced with is a secular slow-down of economic growth, and in the face of increased competitive pressures between firms, industries and nations there will be more inducement to introduce labour-saving technological change and to switch to new products or production processes. All this will have serious implications for employment, skill requirements, training needs, industrial relations, etc.

While the need to adjust to structural change will rise dramatically, the propensity of workers to undergo such change will probably decline in the light of large-scale and persistent unemployment. On the other hand, those who are unemployed and remain so for a longer period of time will probably accept change, i.e. their re-employment in other industries, regions and occupations provided they are given the necessary assistance, e.g. in the form of retraining, resettlement or adjustment assistance. Against this background, the potential future role of the Employment Service would be considerable, particularly to assist workers to adjust to the occupational and geographic mobility required by structural change.

This new challenge to the Public Employment Service is clearly identified by the National Labour Market Board of Sweden:

> "The present decade may see an accentuation of the mismatch that was observed in the 1970s between jobseekers and vacancies. Technological and economic developments are calling for greater flexibility on the labour market, yet changes in the functioning of this market have made the adjustment mechanisms more sluggish. The crucial problem for labour market policy will therefore be to bridge the widening gap between the need for adjustment and the ability to achieve it."

In addition to the newly emerging needs to adjust workers to changing demand patterns, the Employment Service will also have to cope with important shifts in the future composition of the labour

force. Those who have and will continue to have difficulty in integrating into employment over the coming years are new entrants (e.g. young people, married women, newly-arrived migrants) who are at a disadvantage in finding a first job because of a lack of relevant employment histories or experience. New jobseekers will first look for work in which they have training, experience, interests or aptitudes. They also want a congenial working environment, meaningful tasks, acceptable hours of work and reasonable commuting times. While the threat and reality of unemployment may somehow check expectations and aspirations of this nature, the Employment Service should - to the extent feasible - be responsive to these individual demands.

There is likely to be a growing segmentation between internal labour markets (hiring at the "ports of entry" but training, promotion and redeployment within the firm) and a fairly flexible external labour market characterised by high turnover rates and job instability. This could imply that if more vacancies are filled by promotion from within, fewer vacancies may be available to external applicants, and those that are will tend to be unattractive on the one hand or highly specialised on the other. Thus, it becomes relatively more difficult to fill the vacancies which are available externally. It might turn out, therefore, that the burden of unemployment will become increasingly concentrated on those who have not entered the internal labour markets and on those who, for whatever reason, have left these markets. The external labour market may accordingly have a growing proportion of jobseekers who are relatively difficult to place and vacancies which are relatively difficult to fill. By contrast, high turnover in the secondary labour market may not require the intervention of the Public Employment Service (as presently suggested by the growth of private placement agencies for temporary jobs). However, given the important social and future career implications for those who participate in the secondary labour market, the Public Employment Service has a responsibility to counsel people about these consequences and to assist those who have the ambition to obtain more stable and permanent employment.

A particular serious policy problem will result from the growing size and protractedness of long-term unemployment. Labour-market programmes will have to become increasingly "individualised" and will have to "out-reach" to reduce hard-core unemployment. While such programmes will combine several policy areas, the Employment Service should play an important part. In-depth counselling and guidance as well as assisted placements, if necessary, in sheltered work-places will fall into the competence of the Employment Service.

These new challenges suggest an extension or deepening of the activities of many national Employment Services. Such a view is in contrast to the perceived need of many governments to reduce public expenditures over the medium term. The latter view is often applied to the Employment Service with reference to the reduced turnover and, thus, the falling placement activities in a period of persistent labour market slack. This view, however, does

not take into account the additional effort and "work input" by the Service per successful placement during a slack period. It is true that the provision of "non-interventionist" services will become increasingly difficult and of reduced significance as long as there are fewer jobs to go round, but the risk of mismatch between demand and supply is on the rise. Therefore, the Service should in the future be prepared to venture into areas other than placement. As a minimum, counselling, particularly in the framework of links with the education and vocational training systems and the transition from school to work, should be viewed as an essential extension of placement action. More intensified action on the employer side will be required to identify suitable vacancies for those who are hard to place in competitive labour markets.

If expenditure constraints prevent any extension of the Service, there is still room for changes in emphasis and more targeted approaches. Given the above consideration about the likely nature of future labour market imbalances, preference should be given - within given budget constraints - to intensified and targeted efforts as distinct from widespread but "light" information services or simple registration. Finally, given the increased awareness of initiating and designing manpower and employment policies at local level, the potential of the Service as a decentralised institution should be fully recognised and exploited. This would enhance and encourage local initiatives for job and enterprise creation and at the same time integrate these initiatives into the normal flow of labour market transactions.

Regardless of whether or not in a particular country the above considerations for the changing future role of the Employment Service are relevant, it is extremely important for control and the evaluation of results and cost-effectiveness to specify the nationally-agreed objectives of the Service in fairly precise terms and to discontinue ambiguous assignments which have been typical in several countries in the past.

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